



2025 Korean Clean Hydrogen Power Generation Auction

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On 9 May 2025, the Korea Power Exchange announced the 2025 auction for clean hydrogen power generation bidding market. This follows the opening of the first **clean** hydrogen power generation bidding **market** a year ago.

The hydrogen power generation bidding market is divided into general hydrogen and clean hydrogen. Only power generators that use hydrogen that meet the domestic clean hydrogen certification standards (greenhouse gas emissions of 4kgCO₂e or less per kg of hydrogen) can participate in the clean hydrogen power generation bidding market.

Key takeaways

- The volume of the clean hydrogen power generation bidding market for 2025 is to be 3,000 GWh/year.
- In 2024, only 750 GWh of the 6,500 GWh volume opened in the bidding market was awarded due to high clean hydrogen import prices and lack of infrastructure. The market is hoping that higher volumes will be awarded in the latest auction.
- Previously, for power generation companies the settlement price in the clean hydrogen power generation market (fixed cost + variable cost) was fixed in Korean Won. Accordingly, the power generation companies were exposed to the foreign exchange risk in relation to the hydrogen sourced from overseas producers. However, starting this year, the settlement price will be divided into fixed cost + operating cost + fuel cost and a certain portion of the fuel cost be linked to the market exchange rates.
- The benchmark exchange rate for the bidding process is KRW1,208.87 to US\$1, which is the average daily exchange rate over the past 10 years. This is relatively low compared to the recent market exchange rates, which will favor bid participants in meeting the price ceiling requirement.
- A 'volume borrowing system' has been introduced. In certain circumstances, power generation companies have the flexibility to take the power volume planned for the next year to be produced in the current year. This

complements the existing volume carryover system.

If you have any questions or need help with the above, please feel free to contact us. Our dedicated Project & Energy Group is recognised as a top ranking team in various international publications such as Chambers & Partners. It is the only Korean law firm that provides a one-stop service that can assist project and energy clients with regulatory advice, project finance, construction and operation and M&A.

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